$\Box$ 12 FREDERICK E. February 6, [1] . ZORN, 2018 JR., C.E.C.D.

STATE OF MICHIGAN IN THE 46th JUDICIAL DISTRICT COURT	2	⊣	
	THE	STATE OF MICHIGAN	

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SOUTHFIELD	
NEIGHBORHOOD	

	ALIZATION
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n	LLC,
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STEFANIE BOYD, and a		Vs.
and		
all		
all other		
	Hon. Shelia 1	Case
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	Johnson	LT 17 4622

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	occupants,	STEFANIE BOYD,	
Defendants.		and all other	
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              The
 Taken at
            Deposition
 26000
             of FREDERICK E.
Evergreen Road,
             ZORN,
             JR.,
             C.E.C.D.,
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Tuesday,
          Commencing
February 6,
           t
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                   Michigan,
          11:09
          a.m.,
2018
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Southfield,

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Alan

Stalburg,

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JOSEPH G. (		APPEARANCES:
COUVREUR		: S:

Pentiuk, Couvreur &

Kobiljak, P.C.

- $\circ$ G 2915 Suite Biddle 200 Avenue
- 9  $\infty$ Wyandotte, Michigan 134. couvreur@pck-law.com 281.7100 48192
- 10 Appearing 9 behalf 0 fi the Plaintiff.
- 12 Ġ Ġ 4 w Suite 30833 Farmington Hills, SCOTT Smith 200 • • Law Group, Northwestern SMITH P.L.L.C. Michigan Highway
- ω Ø  $\sim$ smith3352@aol 48. 626.1962 . com 48334



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Appearing

on behalf

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the

Defendants

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FREDERICK E.	WITNESS			
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ZORN,			Ħ	
JR.,			TABLE	
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ZORN, JR., C.E.C.D.			OF CONTENTS	
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	BY N	E AAL
	MR.	TNT
	SMITH:	EVAMITNAT TON

counsel.)	retained by	ct C	(Exhi	12
		Ä H	EXHIBIT	10
EXHIBITS				9

17	16	<u>;</u> 5	14	1
DEPOSITION EXHIBIT	DEPOSITION	DEPOSITION	DEPOSITION	
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Defendant,

Stefanie

Boyd,

and

occupants

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Okay.

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Zorn,

I'm

Scott

Smith.

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Let's

start

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background

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counsel

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anything comes up

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go

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FREDERICK E. ZORN, JR., C.E.C.D. February 6, 2018

<u> </u>	10	9	œ	7	Q	5	4	ω	Ν	Н	
BY MR. SMITH:	EXAMINATION	examined and testified as follows:	the whole truth and nothing but the truth, was	having first been duly sworn to testify to the truth,	was thereupon called as a witness herein, and after	FREDERICK E. ZORN, JR., C.E.C.D.,		11:09 a.m.	Tuesday, February 6, 2018	Southfield, Michigan	

## 23 22 21 Þ 0 Okay. tart with And your tell me educational മ little bit background? about your

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Frederick

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Zorn,

Jr.

Please

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Your

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24 25 political Undergraduate Wayne science, public degree State. from have Oakland University, administ rat fications ion. Gradua



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development corporation. We did that for about three	called ROI, which was a nonprofit consulting	Then I, prior to that, formed a group	to I was there until 1990, '91.	Okay.	1986	Give us some dates so I can	business development counselor by the U.S. Small	did small business counseling, was a certified small	development called the Downriver Community Conference,	Job history? I worked for a regional economic	your job history.	attorney objects, just to expedite it. Go through	well, you can do this as a narrative unless your	Oh, okay, I get it. Okay. And so what was your	I have not finished my master's degree, sir.	you haven't gotten your Ph.D., is that what you're	So what you mean is you've gone to graduate school but	completed my urban planning degree.	I have graduate studies in urban planning. I have not	Okay. So you got a master's degree, you've gone	now since October of 2008. What is that, nine years?	developer. I have been with the City of Southfield	Development Council, as well as a certified economic	housing and economic development from National



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25	24	23	22	21	20	19	18	17	<u>ا</u>	<u> 1</u> 5	14	μ	12	H	10	9	œ	7	თ	G	4	ω	2	<del> </del>	
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and a pro tem, but my day-to-day response reporting	We have city council has a city council president	council that you report to?	And so is there one particular person on the city	Yes.	The city council?	City council.	And who's your boss?	Yes.	Okay. So you've been promoted?	administrator.	No. When I came here I came in as deputy city	And you have the same title as you did 10 years ago?	I am the city administrator.	your title?	So explain to me, like who's so right now what's	approved by city council.	James Scharret, the city administrator, and as	And who hired you?	Deputy city administrator.	Okay. And what was your first job at Southfield?	present here in Southfield.	the City of Taylor from 1997 to 2008, and 2008 till	Melvindale. I was there from 1994 to '97. I was with	years and then I went to work for the City of	



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25	24	23	22	21	20	19	18	17	16	15	14	13	12	끄	0	9	ω	7	σ	ъ	42	ω	2	<b>μ</b>	
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So	do it weekly.	In person with the council president and the mayor, we	In person or is it by phone?	list of things.	Usually we do a weekly verbal discussion, go through a	Do you how do you communicate with the mayor?	do a weekly with the mayor and the council president.	I have I would say probably every other day and I	Would on a daily basis?	Yes, I do have interactions with the mayor.	mayor?	And how many do you have interactions with the	Yes, it is.	Okay. And so the mayor, is that a part-time job?	hours a week.	part-time job as 20 hours. They put in more than 20	more than a typical part-time job if you define a	There aren't any rules. I can tell you they put in	is there any rules?	And so how many hours a week do they have to work, or	City council here in Southfield is a part-time job.	a part-time job?	And educate me, is the city council a full-time job or	you could say is just to council president.	



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has a direct report to city council. Other direct	25
Various departments report to me. Let me tell you who	24
department, information technology department.	23
and rec department reports to me, the finance	22
A. The police and fire department report to me. Parks	21
are and authority is on a day-to-day basis?	20
Q. Okay. So tell me what you think your responsibilities	19
discussed.	18
A. It depends upon the jurisdiction and the item being	17
here?	の 円
building than you when the elected officials aren't	<u>1</u> 5
council, is there anyone with more authority in this	<b>⊢</b>
And on a day-to-day, I understand you report to city	μ ω
Q. You're the city administrator. All right, thank you.	12
A. No, I'm the city administrator.	<u> </u>
Q. All right. So you're the deputy city administrator?	10
BY MR. SMITH:	vo
MR. COUVREUR: Okay.	∞
with this part.	7
what he does. I haven't gotten I'm almost done	<u></u>
MR. SMITH: I'm just trying to understand	σ
going with all this, but	4
landlord/tenant case and I don't know where we're	ω
at least put in an irrelevance. This is a	Ν
MR. COUVREUR: I guess I just want to maybe	۳



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Œ ₽  $\omega$ N Ö to S city manager' unique city planner reports togethe the the city mayor structure, ţ city council attorney þ. Ø model The city Southfield it's but ប្រ not full are assessor that's your Λq the time charter city the standard has go Ç model in വ attorney, direct Southfield? Ħt. international that ល യ report was the very <u>t</u>ud

- $\infty$ M Yes, <del>Ц</del> . Մ present city മ ttorney?
- 10 9 N 0 And The who's present the city

attorney?

N  $\bowtie$ Susan Ward

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Yeah

<u>.</u> Ġ Ю Okay And then COUVREUR: ր, she married Wait this to ω minute Gerald here Witkowski? Again,

guess

object

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- J <u>`</u> what andlord/tenant does I'm going to this have action. t 0 do with This t 0 **|--**5the ú like case? ĽS മ not
- ပ် ά Ŗ SMITH: Your objection 1s SO noted
- Ŋ. COUVREUR: Okay.
- 20 'n The question?
- 21 ВY ĭR. SMITH:
- 22 Ö believe įt was -سا-W Jerry Witkowski married to the
- city attorney?

23

- 24 D ieve they a T D
- 25 Ю Okay. Now, besides being മ deputy oh, another



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25	24	23	22	21	20	19	18	17	16	15	14	ω,	12	<u> </u>	10	9	8	7	0	ហ	4	ω	N	ш	
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Maria Calhoun?	Maria Calhoun.	And who's in charge of that department?	We have a code enforcement	So you have a separate code enforcement	responsible if you don't mow your grass.	An excellent example. Code enforcement would be	charge of that specifically?	Let's say you don't mow your grass. Who would be in	We have	the various departments.	Well, I'm trying to figure out what the structure of	power	know if you're going to ask me who has what	therefore if there's a specific question I need to	staff members who have certain constable powers,	We have zoning ord yes, we do, but we have certain	housing and real property in the city, correct?	Well, if you have city ordinances that pertain to	Give me I need a more specific question.	Is that the building and zoning department?	For	violations for housing?	You have a who handles city ordinance	question.	



- $\sim$ Ö. Ä Okay. Yes And S H she ω paid Southfield official?
- 3 A. She's an employee, yes.
- Ö Okay. And what about zoning issues?
- $\triangleright$ Zoning issues? Again, it would come down

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particular

type

of.

question.

We

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have

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planning

- director and വ planning divis ion, and then
- 8 Q. Is that a full-time position?
- 9 A. Yes
- 10 Q. What's his name
- $\vdash$  $\square$ Му planning direc tor and ¥ ⊕ have മ large staf МV
- 12 planning director Ľ. Terry Croad.
- 13 Q. Croad, did you say?
- 14 A. Yes, Croad.
- 15 Q. Spell it for me?
- 16 A. C-r-o-a-d.
- 17 Ö Okay. Now, do you have മ building department?
- 18 A. Yes, sir, we do.
- 19 0 And what do they handle, permits and stuff like tha <del>را</del> •۵
- 20 Þ Н ermits and, you know, their enabling powers Ë.
- 21 ssence are consistent with State Ø ţ tute, but they
- 22 ssue building permits, review building plans

23

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Are

you

involved

with

the

code

enforcement

department

- 24  $\triangleright$ The code department reports t 0
- 25 0 What about the building department?



17	16	15	14	13	12	11	10	9	ω	7	0	ហ	4	ω	2	ш
Ю.		Α.	Ö						Α.	Ю.	Α.	ю.		Α.	ю.	₽.
How would one get a copy of the master plan; is	just don't know the exact date.	I would need to have the document in front of me. I	So when was the last time it was reviewed?	years, and we're in compliance with that act.	the master plan be reviewed and updated every five	I've been here the State enabling act requires that	year and a half. I'm not sure of the exact but since	February of '09 and we've recently did one in the last	Since I've been here a master plan was adopted in	And how long has it had a master plan?	Yes, we do.	Does Southfield have a master plan?	council.	The planning department is a direct report to city	What about the planning department?	The building department reports to myself, as well.



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yes.

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And

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You can

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online.

It's

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departments,

planning.

It's

right

there.

What?

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go

online

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įt

public

record?

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You

can

- 0 Do you know <del>|--</del>- $\vdash$ the master plan deals with blight?
- 2 A. With what?
- 3 Q. Does the master plan deal with

blight?

- 4. A. With blight? I don't know
- Ö But you would ф Д ij charge 0f I well, te 1 me who's
- ij charge 0 F developing the mast B plan?
- 7 A. The city planner is
- Ö And you and d O you have any involvement with

them?

- 9 A. Yes, I do
- 10 Q. And what's your involvement?
- 끄 D N 'n W (D go through the planning process  $\vdash$ Ø

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the

- 12 meetings, review jt You're asking me **j...**. Н there's ש
- $\omega$ specific reference to blight മ  $\vdash$ this time  $\vdash$ don'
- 14 know <u>н</u> there' Ø Ø specific reference to blight within
- 15 the master plan.
- 16 Q. Did you ever know?
- 17 A. I would know if I looked at it.
- <u>⊢</u>8 0 When SPM the las ct time you looked a d

ίt

- 19 M Gosh, <del>|--</del>| reviewed ω chapter O Ēή r t over the weekend.
- 20 There' Ø multiple chapters Ľ, the planning document Н
- 21 looked at the section on roads.
- 22 Q. Is it all online?
- 23 A. It's all online, each chapter.
- 24 Q. How many chapters are there?
- 25 A. I don't know exactly how many.



landlord/tenant case is my objection with respect	25
are you how does this pertain to this	24
out, you know, is this just a fishing expedition	23
MR. COUVREUR: I'm just trying to figure	22
MR. SMITH: Yeah.	21
him not to answer but I'm just	20
MR. COUVREUR: Well, I'm not going	9
then we can take it up with the judge.	18
the Court Rules. You could tell him not to answer	17
you you know, I would say that I mean, you	16
MR. SMITH: I already so noted but	15
MR. COUVREUR: who owns it?	14
MR. SMITH: It says	ω
MR. COUVREUR: Decisions regarding	12
making these decisions.	11
what about this house here and who's in charge	10
MR. SMITH: Well, I'm trying to figure	9
fishing expedition for the other case.	8
a landlord/tenant action. It seems like you're	7
just going to I'm not sure what this has to	Ø
MR. COUVREUR: You know what, I guess	U
. The mayor, city council, the planning commission	4 A.
involved with it?	ω
plan, you're involved with it. I assume the mayor'	2
· Okay. So just all right. So you have a mas	1 0.



23 24 Q.	23		22	21	20	19 A.	18	17	16 Q.	ப	14 A.	13 Q.	12 BY	<u></u>	10	9	ω	7	<u></u> თ	ΟΊ	4	ω	2	<b>Jd</b>	
decision	. But in the areas you listed you're the like the	to that position by charter.	reports to me, has certain powers granted to her or	outranks me in their areas. My purchasing agent, who	planning director outranks me, my city attorney	. I have rank in certain areas but I don't my	ranking guy here; is that would it be fair to say?	like almost like the you're like the highest	. So you're like almost on a day-to-day basis you're	exact count how many report to me.	. There's a little over 500 employees. I don't know the	. How many people work for you, directly report to you?	Y MR. SMITH:	I understand the whole what's going on here.	exactly where we're going but I just want to make sure	MR. SMITH: That's the way that's	assume he'll tell you if he knows.	MR. COUVREUR: Okay. He'll tell you. I	MR. SMITH: I'm going to very, very soon.	MR. COUVREUR: Ask him that question.	owned by the NRI.	because I'm trying to find out how these houses became	MR. SMITH: Well, because it pertains	this?	



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	A
council.	I'm the city manager.
	Ħ
	make
	recommendations
	to cit
	cit

- Ö 0 you have മ written job description?
- 4 A. Yes, I do
- 5 Q. Where would one find that?
- $\circ$ Ŋ little bit οfi digging, you could probably find **⊢**•

on

- $\infty$ the City's website, but my personnel department has
- 8 job descriptions
- 10 Ø  $\circ$ Did representing the you personally NRI? hire the law firm who's
- 11 A. Did I personally --
- 12 Q. Yeah.
- 3 A. -- hire the -- no.
- 14 Q. Who did?
- 15 Þ The NRI, who hired don't understand the question
- 16 Who hired ı what ĽS the question
- 17 Q. Who hired legal counsel?
- 18 A. Which legal counsel?
- 19 Q. Joe Couvreur's firm.
- 20 A. Pentiuk, Couvreur & Kobiljak?
- 21 Q. Yeah.
- 22 ď They were hired Йq the. Southfield Nonprofit Housing
- 3 Corporation.
- 0 Okay. you 3 9 9 O S the maybe notice we'll О Н get taking ţ deposition that A11 right Ľ, this case OS did



25	24	23	22	21	20	19	18	17	16	<u>1</u> 5	14	ω	12	<u> </u>	10	9	ω	7	Q	ហ	4	ω	2	Н	
	ю •	BY I				•					100					Α.	Ö	Α.	<u>ب</u>	A.		ю.	Α.		
those papers? Are you at liberty to tell me?	Wait, just let him mark the document. What are all	MR. SMITH:	THE WITNESS: I reviewed this and	MR. SMITH: We'll mark it as an exhibit.	THE WITNESS: Oh, I reviewed	MR. SMITH: We'll mark	what	MR. COUVREUR: Right here. Show him	MR. SMITH: Well, here, let's mark	he's talking about.	MR. COUVREUR: No, this is this is what	THE WITNESS: This is	MR. SMITH: Is that your work product?	talking about.	MR. COUVREUR: No, no. This is what he's	Yeah. This question here?	I see you have some legal papers in front of you?	I've reviewed it.	Yeah.	The four-page	duces tecum in this case?	Have you ever reviewed the notice of taking deposition	The what?	duces tecum?	



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25	24	23	22	21	20	19	18	17	16	15	14	13	12	<u>1</u>	10	9	ω	7	Q	ഗ	4	ω	N	ho	
		Ю.	Α.		Ö	Α.					Ö	BY 1										Ю.		Α.	
statements for the NRI from June 2016 to the present?	have for us today. Do you have all the bank	Okay. So let's go through it. Let's see what you	I've reviewed this document, yes.	reviewed that document?	They're numbered, I believe, and let's start have you	Uh-huh.	come to produce on the second page.	here, but it lists a bunch of documents I want you to	pay atten it's a notice. It says the reason you're	Plaintiff's Exhibit Number 1 for this deposition, and	Okay. This is I'm going to show you proposed	MR. SMITH:	through it.	MR. SMITH: Okay. So let me we'll go	organizations.	produced, so I these are the articles of	him was some of the documents that are going to be	MR. COUVREUR: These are the what I sent	11:27 a.m.	DEPOSITION EXHIBIT 1	MARKED FOR IDENTIFICATION:	No, what your attorney's reviewing, he took from you.	meeting.	This is my morning prep for next week's council	



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Cr	4	ω	12	<b> </b>	0	Q	ω	7	Ó	G	4	ω	2	Н	0 A.	9 2.	Φ	7 A.	0	ហ	4	3 Q.	2	<u> </u>	
MR. COUVREUR: You know what, I	THE WITNESS: Which, the document?	just Fred, when did you first see that?	MR. COUVREUR: Oh, of course, but see, I'd	MR. SMITH: Can I see them?	these copies and we will give those to you.	landlord/tenant case but our treasurer did prepare	going to I'm not sure the relevance of this as to a	MR. COUVREUR: Now, I do again, I'm	MR. SMITH: Okay. So	you.	MR. COUVREUR: I have them right here for	MR. SMITH: And you have them?	prepare them, okay, and I have them here for you.	MR. COUVREUR: And I asked the treasurer to	We have a treasurer who keeps those records.	Who has them?	and I don't keep the bank records.	Possession, I'm not I do not have the bank records	them?	what did you say, you're not in a position to produce	I was in a bigger room I'd put in my hearing aid, but	You're not I'm sorry, I don't you talk soft. If	I don't keep the bank statements.	No. I'm not in possession of the bank statements and	



MR. SMITH: Okay. So you're Mr.	25
list there.	24
question? Oh, so that covers items $1$ , $2$ and $3$ on your	23
for you. We got them for you. What's your next	22
MR. COUVREUR: No, no, no, so we got them	<u>&gt;</u>
MR. SMITH: or you can object to it.	20
MR. COUVREUR: He got them.	19
should get him or produce them	18
MR. SMITH: that he should pro he	17
MR. COUVREUR: Here you go.	16
possession, I mean, my position is	15
MR. SMITH: Well, whether he has	14
to get that, so that's	13
MR. COUVREUR: So the treasurer was asked	12
possession of the bank documents or	⊢ ⊢
THE WITNESS: No, I well, I did not have	10
of them, right?	9
clear that you said what, you didn't have possession	<u> </u>
organized because I just want to make the record	7
to make this clear then. You know, these were	<u></u>
MR. COUVREUR: All right. So I just want	ъ
MR. SMITH: You can look at it if you want.	4
MR. COUVREUR: And it okay. All right.	ω
yesterday.	N
THE WITNESS: When she I saw it	<u></u>



FREDERICK February 6 9 . ZORN, 2018 JR., C.E.C.D.

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MR. COUVREUR: Uh-huh.	the present?	me the bank statements from the NRI from June 2016 to	Couvreur, are you representing to me you just handed

èυ	Œ	4
assume there's	MR.	MR.
copies	SMITH:	COUVRE
O.Fr	All	UR:
checks or	l records	Uh-huh.
SOM	O H	
ething?	payments.	

7
MR.
COUVREUR:
No,
No, there's no c
S
no
copies
0

12	<u>├</u>
ledger,	
okay.	MR.
	SMITH:
	1
	says what
	ŀ
	there's
	ტ დ

<u>5</u>	7	ω	1
ĭ R	MR.	MR.	
COUVREII	SMITH:	MR. COUVREUR:	
₩	Account		
MR. COUVREUR: conjes of checks	MR. SMITH: Account summary.	Yeah, there's not	
845940 845940		not	

18	17	16	
MR.	MR.	MR.	
SMITH: And the deposits, okay.	COUVREUR: And the deposits.	SMITH: Okay.	ŀ

T.2	20
	,
organization.	Now let's go, Mr. Zorn, to the articles of

19

ВY

MR.

SMITH:

O. A.				
	2ω	22	21	į
organization.  Okay. And then	0	Α.		ķ
,	These are my conjest	and then	organization.	:: How & go / :: t * fortis / co cist granthator of

MR.
SMITH:
Can
you :
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these
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Yes.



25	24	23	22	21	20	19	<u>1</u> 8	17	16	15	14	$\omega$	12	<u>⊢</u>	10	9	∞	7	Q	5	44	ω	2	<del> </del>	
5 Q. You're familiar with this document?			documents. Number 40 is the articles of organization	1 Q. Okay. We're going through this list of requested	0 BY MR. SMITH:	(Back on the record at 11:38 a.m.)		DEPOSITION EXHIBITS 2-5	6 MARKED FOR IDENTIFICATION:	(Recess taken at 11:33 a.m.)	and then there's a ledger, two ledgers.	3 they're stapled. I think they're statements by year	MR. SMITH: Well, let's mark them as	1 them. You can just call it one exhibit if you want.	0 MR. COUVREUR: I don't care how you mark	9 save time?	8 stapled or do you want to remark I'm just trying to	7 accounts? Is it okay if we mark them just as you have	6 MR. SMITH: There's three accounts. Two	MR. COUVREUR: No, they're each account.	how they're broken down by year or something?	3 Counsel. I believe you've broken it up. I don't know	2 staple you can put if this is okay with you,	1 you can just to save time, you can just like every	



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25	24	23	22	21	20	19	18	17	16	15	14	13	12	11	10	9	∞	7	0	ഗ	4	ω	N	<del>بسا</del>	
Ö	Α.	ю·	BY I	•								ю.	BY 1	<b>A</b> .		Α.				<u>ب</u>		A	·	Α.	
Well, he works for you, right?	My Joe Couvreur produced the document.	Did you produce the operating agreement of NRI?	MR. SMITH:	then I'll ask him questions about them.	just go through this then I'll have you mark them and	have the operating wait, before you do that, let's	MR. SMITH: Here, mark this. And do you	ρς !	MR. COUVREUR: Do you want to mark that	just mark them now and get it over with.	these documents that you're producing, why don't we	Why don't it might be more efficient, do you all	MR. SMITH:	It's a term of art.	MR. COUVREUR: Yeah.	He's a manager.	There's an operating agreement and he's a	actually he's a well, yeah, he's a if I may?	MR. COUVREUR: If I could, just to	He's a director? What	L.L.C.	Mitchell Simon is one of the three directors of NRI,	This is a who's Mitchell Simon?	Yes, I am.	



25	24	23	22	21	20	19	18	17	16	15	14	13	12		10	9	ω	7	Q	Œ	4	ω	2	Н
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How often is that?	Yes, sir, we do.	Does the NRI have meetings, regular meetings?	Not that I've I do not believe it's been amended.	Has this ever been amended, this operating agreement?	MR. SMITH:	let you take a few minutes and read it.	managers, but it's in that operating agreement. I'll	The member's the owner, and then there's three	that's the sole manager excuse me, a sole member.	owned by Southfield Nonprofit Housing Corporation, and	in this instance, if you read that, this entity is	you could have an entity operated by the member, but	could have an operating agreement I mean, I guess	operating agreement a member is the owner. Now, you	MR. COUVREUR: No, sir, if you look at the	Are you getting manager and member mixed up?	No, he's not co-managers. There's three managers.	Are you co-managers?	He's another manager of NRI.	Okay. And who's Mitchell Simon?	I am a manager of NRI.	your position with NRI?	Just so I'm clear, because this is confused, what's	Joe Couvreur works for NRI.



25	24	23	22	21	20	19	18	17	16	15	14	13	12	<u> </u>	10	9	ω	7	0	ហ	4	ω	Ν	ш
Ö	Α.		Ö	BY N					Ö			Α.	Ö	BY N				ю·	Α.	Ö	BY N	A.		A.
So the communication is because you work for	In written form, no.	in written form?	Does the NRI communicate with the City of Southfield	MR. SMITH:	another.	looks like up until December 5th. Here, here's	yeah, here we go. It's from July 2015 up until it	MR. COUVREUR: But this is pretty oh,	Are there some that are in the drafting stage?	prepared, so which	subpoena. I believe all the minutes that have been	Well, we had our board secretary, I gave her the	Are those all the minutes?	MR. SMITH:	are you	What's the first one you're asking for, which minutes	MR. COUVREUR: We can take a minute, yeah.	Do you have the minutes?	Yes, we do.	Okay. And then do you keep minutes of those meetings?	MR. SMITH:	Recently weekly.	MR. COUVREUR: Recently weekly.	Weekly. Every other week and as needed, but weekly.



MR. SMITH: All right. Let's just mark	25
correspondence. I mean, we	24
looking does NRI, NRI doesn't do a lot of	23
know that. I need to go through that, but if you're	22
could be there is a presentation to city council,	21
take a look, but as a matter of routine NRI there	20
scrub a lot of documents to, you know, go through and	19
THE WITNESS: I'd want to I'd have to	₩ 8
right now in fact, Fred, look at 7, 8 and 9.	17
locate any, but it's possible to I don't think	16
aren't any correspondence. I think that she could no	15
of 8 and 9 we do not I'm not prepared to say there	14
your request I sent this to the board secretary and a	13
interject, and I apologize for that? In response to	12
MR. COUVREUR: Could I could I	<u> </u>
A. Yes, it is a public meeting.	10
Q. Was this a public meeting?	9
services committee, so	ω
neighborhood services city council neighborhood	7
produced various documents as requested by the	<u></u>
committee, so yes, we've had communication. We have	σ
the Southfield city council neighborhood services	4
A. You asked, for example, NRI has spoken and addressed	ω
Southfield knows in a sense, right?	2
Southfield and you're manager so what you know	<u></u>

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FREDERICK February 6 9 T ZORN, 2018 JR., C.E.C.D

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minutes.	MR. COUVREUR: Yeah. Yeah, those are the	MR. SMITH: Can I see that?	what to mark though? I'm not sure.	COURT REPORTER: You'll have to tell me	these right now, okay?	

10 6  $\infty$ ~\_1 one  $\vdash$ don't Ħ. (Off COURT REPORTER: know which numbers SMITH: the record Did a t you mark No, 11:46  $\vdash$ don't these a.m.) what know which yet? 0

mark.

12 1 DEPOSITION MARKED FOR 50 a.m. EXHIBITS IDENTIFICATION: 8-9

17 5 . თ ВҮ , O MR. Okay. operating SMITH: I'm agreement going (Back to 8 show the Do record you you know Exhibit a t how 11: Number 50 this a.m. 7, well the

19 8 Ä H H Kenson rst 0 H J. all, who Siver signed this s B president?

present mayor, right?

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23 22 Ö A Was Yes, he he the ռ Ի. mayor а Т the time you signed thi Ω

M What date?

25  $\dot{o}$ This SPM on August 23rd, 2016



25	24	23	22	21	20	19	18	17	16	15	14	μ	12	<u>⊢</u>	10	9	ω	7	Q	ъ	4	ω	N	Н
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MR. SMITH: No, it says it's Southfield,	the signature of a member?	signature that is? The signature of what? Is that	MR. COUVREUR: Could you just clarify which	Okay. So	So he would have been the mayor at that time, yes.	116.	that?	election in November of '15, and what was the date on	there was a there was an election there was an	No, he's named mayor until the next election, and	Temporarily?	mayor, or mayor	Congress, Council President Fracassi became acting	The no. When Brenda Lawrence was elected to	Who's the primary, Brenda Lawrence?	MR. SMITH:	THE WITNESS: I don't know exactly.	MR. COUVREUR: He finished her term.	careful.	THE WITNESS: That's why I want to be	mayor then. Oh, no, the other mayor left, right?	MR. COUVREUR: I don't think he was the	If you know.	August 23rd, 2016?



N. U	<u> </u>	2,	2	2:	21	2(	19	1	— <u> </u>	<u> </u>	<u>рч</u>	<u> </u>	<u> </u>	12	<u>—</u>	10					/ r1		(.)			
you involved were you there when he signed it?		24 Q. Okay. So let's explain to me like okay. Were	Housing Corporation.	Southfield Nonprofit, of the Southfield Nonprofit	21 A. But he signed it in the capacity as president of the	20 Q. But he wasn't mayor at the time.	L9 BY MR. SMITH:	18 Nonprofit	l7 signed it as the sole member of the Southfield	THE WITNESS: That's correct, the mayor	MR. COUVREUR: Fred, can you clarify that?	MR. SMITH: That's what	Southfield Nonprofit Housing Corporation, right, Fred?	capacity, right, he signed that on behalf of the	let's clarify, he didn't sign that in his individual	MR. COUVREUR: No, but I just want to	9 Q. When did you do you remember signing this?	8 BY MR. SMITH:	7 was signed by the member, right?	6 MR. COUVREUR: So just to clarify, so that	5 Q. Okay. So	4 BY MR. SMITH:	3 Housing Corporation.	Revitalization Initiative by Southfield Nonprofit	1 sole member, yeah. It says Southfield Neighborhood	



idea was it, let's start with that?  MR. COUVREUR: You know okay. Jesu just  MR. SMITH: I can break it.  MR. COUVREUR: Yeah, break down the question a little more, so is your question who thought of this?  MR. SMITH: Yeah, well, he can that fair question.  BY MR. SMITH:	2 2 2 2 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1
idea was it, let's start with that?  MR. COUVREUR: You know okay. Jesu just  MR. SMITH: I can break it.  MR. COUVREUR: Yeah, break down the question a little more, so is your question who thought of this?  MR. SMITH: Yeah, well, he can that fair question.	~ ~ ~ ~ ~ ~ ~ ~ ~ ~ ~ ~ ~ ~ ~ ~ ~ ~ ~
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idea was it, let's start with that?  MR. COUVREUR: You know okay. Jesu	
idea was it, let's start with that?  MR. COUVREUR: You know okay. Jesu	
idea was it, let's start with that?	
	<u> </u>
4 this come about, what do vou remember about it? Whos	<del>                                      </del>
3 Q. Did this idea come up well, first of all, how did	<b>⊢</b>
12 A. The gen I'm not	_
going to end up with title to them?	<u> </u>
10 refusal to get tax foreclosed homes and the NRI was	ъ
9 idea that Southfield was going to use the right of	
What's the history or genesis of this whole	
<pre>7 you can answer it and save us a lot of time?</pre>	
6 understanding of this is a broad question but maybe	
5 you can clear some things up. What's your	
4 Q. Okay. So explain to me let's just go to maybe	
3 A. That is my signature and I signed as a manager.	
2 Q. Do you remember signing that document?	
1 A. I don't know if I was there but I	





4		23	22	21	20	19	18	17	16	15	14	13	12	<u> </u>	10	9	ω	7	<u></u>	ъ	4	ω	2	<b>j</b> k	
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know 1'm not try I'm not quite sure you mean	1	be careful too.	I don't	Well, you need to	Well, but be careful when you say we because	of they were foreclosed and	The properties we acquired were tax foreclosed, all	what did you say, blighted?	that were, in your terms, not being taken care of, or	2008 that you were seeing tax foreclosed properties	great recession when the housing market collapsed in	like a couple years after what some people call the	Okay. So let's step back. So you you're saying	The Southfield Nonprofit Housing Corporation.	Who's we?	acquire the properties	investment in it. So we saw this as an opportunity to	housing stock was being neglected with very little	yard. There's example after example of where the	sewage in the basement and was pumping it out the back	bought the foreclosed property a few years ago had	that was renting the property from the entity who	rental and the community the family the family	that was acquired a few years before by an entity as a	



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MR. COUVREUR: how did we become the	24	
MR. SMITH: We I'm	23	
why did this eviction	22	
MR. COUVREUR: Okay. Ask that question,	21	
MR. SMITH: This eviction, how we got to	20	
MR. COUVREUR: How what occurred?	19	
get to how this occurred.	18	
MR. SMITH: Well, because we're trying t	17	
do with an eviction case?	の ト	
homes were acquired, but again, what does that have	<u>1</u>	
question though. He told you why one reason the	<u>1</u>	
MR. COUVREUR: I think he answered your	13	
A. You're cast	12	
MR. COUVREUR: We're all over the place.	<u>—</u> —	
I'm like so I'm just really	10	
A this is supposed to be about an eviction case.	9	
Q know of right now.	ω	
A. I'm sorry, but	7	
Q two hats I	ത	
A. I'm sorry, sir.	Сī	
Q wearing you're wearing	4	
A. This is	ω	
Q. I mean, because you're	2	
A. I got	Ъ	

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MR.

SMITH:

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Ö		,						A.	ю •		Α.			ю.	Α.	<u>ب</u>	N A8				ю·	BY N		
All right. So you came whose idea was it for	home ownership.	properties, rehab the homes and get them back into	various partners who are working to acquire these	southeastern Michigan and across the state, have	refusal. The City, like a lot of other communities in	The City exercised its right of first	(sic) and under Michigan law the County foreclosed.	the individuals failed to pay their properties	Okay. So	properties that	They were tax foreclosed properties. They were	Well, how would you characterize them?	gave me a few okay.	Well, what are you what are you telling me? You	I did not say they were blighted properties.	Is that what you're telling me?	MR. SMITH:	MR. COUVREUR: I don't think he said that.	ago were blighted properties?	these tax foreclosed properties starting eight years	So what you're saying is you're telling me that	MR. SMITH:	MR. SMITH: some questions.	MR. COUVREUR: owner of the property.



Page ω 5

ъ		the wait, let's start at the most basic level.
N		Whose idea was it to form Southfield
ω		Neighborhood Revitalization Initiative?
4	A.	It was an idea of the Southfield Nonprofit Housing
И		Corporation.
თ	ю.	Okay. And so when when did who there came up
7		with the idea?
ω	Α.	Who?
9	0	Are you involved with the Southfield Nonprofit
<u>Б</u>		Housing?
<u></u>	A.	Yes, I am.
12	Ю.	What's your position with them?
ω	A.	I am a board member and I believe I'm currently the
14		vice-president.
<u>ப</u>	ю.	And how long have you been in that position?
<u>ა</u>	A	Pretty much since I've since, I'm going to say,
		2008, 2009.
<u>1</u> 8	Ю.	Okay. So was it your idea to
19		MR. COUVREUR: I think he answered that it
20		was the Nonprofit
21	Α.	It was the Nonprofit's idea.
22	ву м	MR. SMITH:
23	Ö	But a nonprofit consists of many people so whose idea
24		was it at the Nonprofit?
25	A	The Nonprofit upon completion of a tax credit deal an



and

THE WITNESS: Foreclosed properties.	01	25
foreclosed properties.	<b>,</b> -	24
MR. COUVREUR: No, no, he said tax	w	23
properties coming on the market and you		22
That were these you used the term blighted	Ď	21
What data did we base our decisions on?	) A.	20
So what data did you base your decisions on?	0	19
have done an awful lot of good with this program.	ω.	— ⊢ 8
that home shouldn't have been living in there. We	7	17
worth of mold damage in there where people living in	01	16
the community. We have had homes with over \$30,000	0.	15
homes, as they continue to deteriorate, were blighting		<u>–</u> –
I'm not saying they're blighted but those	~	13
community.	, •	12
with virtually no investment, and yes, blighting our	•	P P
properties that were being introduced to the community		10
and in particular the number of tax foreclosed		9
rental properties that were coming onto the community,	~	
the board identified was dealing with the number of	~	7
do, what's our next project? And one of the projects	0,	<u></u>
board we had a visioning session, what are we going to	0.	
of having in excess of 10.5 million dollars, and as a		4.
million dollar renovation found itself in the position		ω
affordable and putting the properties through a 38		2
restructuring and saving 400 and some apartments as	,	<b></b>



By whom?	Ö	25	
Yes, that was done.	Α.	24	
Well, did you do that or'	ю	23	
names on them.		22	
how many of them were owner occupied or had dif		21	
You could go through the preceding list before	Α.	20	
rentals?		19	
these tax foreclosed properties were being turned		18	
Okay. So what basis do you how do you know	Ю.	17	
I agree with that statement.	A.	16	
Do you endorse what your counsel said?	Ö	15	
MR. SMITH:	BY	<b>⊢</b> 4	
those were his words.		13	
MR. SMITH: Okay. Let's assume he'		12	
owner occupied.	·	H H	
individuals who turn them into rentals and they		10	
these tax foreclosed homes are picked up by		9	
here. I think what he testified to is that many		ω	
sorry to interrupt but I think there's a misconception		7	
MR. COUVREUR: I you know what,		თ	
Yes, there is a difference.	Α.	G	
property and a tax foreclosed property?		4	
In your mind is there a difference between a		ω	
Well, you said also rental and they may be di	ю.	2	
MR. SMITH:	BY	ᅡ	



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did it.	I don't even recall if I actually was the person who	Did you do it as city administrator?	MR. SMITH:	MR. SMITH: Okay. We're getting there.	something that has to do with this?	where we're going. Could we get back on track to	relevance of this to this case at hand. I don't know	to object on, I just want to say, you know, the	MR. COUVREUR: Again, I'm going to continue	I well, first of all	capacity as city administrator?	I'll remember it now. Did you do this in your	Okay.	City administrator, okay.	sir. The title is city administrator.	My no, you're having the confusion with the titles,	What's your title again, I'm sorry?	administrator.	I've never been deputy admin well, I was deputy	I'm sorry, deputy administrator?	I've never been deputy mayor.	You did it in your capacity as deputy mayor?	but a group worked on that.	I'm not exactly sure. I may have had a clerk do it,



25	24	23	22	21	20	19	18	17	16	15	14	13	12	H H	10	9	ω	7	Q	5	4	ω	8	$\vdash$
		Α.	'n	Α.							ю·	BY I					Α.				ю.		<b>A</b>	,
Corporation.	properties was not the Southfield Nonprofit Housing	They put up the money but the entity that acquired the	They put up the money for it, right?	They did not.	these tax foreclosed properties?	why did Southfield Nonprofit Housing Corporation buy	Let me ask you simply: Why did you buy	understanding you, or they're blighted or okay.	saying because they're turning into rentals, if I'm	dollars worth of tax foreclosed properties and you're	Well, you're making a decision on buying millions of	MR. SMITH:	properties, is that it? Can you clarify your	What was that question just now, why did you buy the	your question? You're kind of making statements here.	MR. COUVREUR: Hold on, hold on. What was	We bought in the 2016	some	doing it just on anecdotal evidence or is there like	about buying millions of dollars of property. Are you	Well, how do you you're making these decisions	do it.	No, I did not. I said I may have had a staff person	You just said you did it.



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42	<b>.</b> ω	2	$\vdash$	0	Ó	∞	7	Q	ហ	4	ω	2	1	0	9	ω	7	Q	G	4	ω	N	<b>j1</b>
A.	, io	A	0	ВY							0	A	Ö	A.	0	Α.			Ю.	Α.	Ю.	Α.	Ö
Okay, fine.		ve records	Well, don't you have records of what you bought?	MR. SMITH:	him down on a number.	MR. COUVREUR: No, you're trying to nail	less than 100.	MR. SMITH: Well, I'm just saying it was	doesn't know the amount.	MR. COUVREUR: Well, look, he said he	Okay. So but it was less than 100?	I don't you know, I don't recall the exact number.	Somewhere between 50 and 70 properties, 55 properties?	I don't know if that's the exact count.	For about, what, 71 properties maybe?	Okay.	refusal in 2016, right?	Southfield, who decided to exercise the right of first	Well, let's just establish a base. The City of	The City simply exercised	No, the City acquired them though?	No, the City did not put up the money.	The City was?



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- $\sim$ 201 0 6, first right? refus under the general property tax act
- $\omega$ 4  $\dot{\circ}$ Ŋ S Yeah. tha  $\leftarrow$ question?
- D ΨĐ did exercis

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refusal

- $\sigma$  $\dot{\wp}$ Okay. And City ΟĦ Ŋ outhfield
- J Þ And ¥ O being the
- 9  $\infty$ Þ 0 Well And whose administrator idea was that? Н signed off

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the

- 10 recommendation
- 끄 0 Was <u>,</u> your idea
- 12 Þ I've  $\Box$ SPM not тnу idea individually, no.
- 13 Ö Well, whose idea was it?
- 14 Þ This
- 15 Ö Whos who Wer
- 16 M have said
- 17 Ю the people involved ij the decision?
- 18 Ŋ The Southfield Nonprofit, the city council
- 19 involved Ľ. įt
- 20 Ö What about the mayor?
- 21 A The mayor was involved 'n Htud the mayor doesn't
- 22 have Ø vote
- 23 Ö odw propose who proposed įt ţ <del>(</del>† he city council?
- 24  $\triangleright$ wrote S D city administrator H signed the
- recommendation.



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25	24	23	22	21	20	19	18	17	16	5	14	μ ω	12	H	10	9	ω	7	0	5	4	ω	2	<del> </del>	
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to	MR. COUVREUR: What are you asking him	MR. SMITH: The minutes.	that number came from but	You quoted an amount of money. I don't know where	MR. COUVREUR: Well, now wait a minute.	Okay. And so	To NRI, yes.	half dollars?	they would advance over the two years a million and a	at the Southfield Nonprofit Housing Corporation that	And okay. So and you there were discussions	Yes, we did.	And you knew that in advance?	The money was coming from the Southfield Nonprofit.	were going to get the money from, right?	exercise the right of first refusal you knew where you	of Southfield under your recommendation decided to	Okay. But when you sign when you when the City	being the City.	Yes, to we exercised our right of first refusal, we	And you did the same thing in 2017?	I don't know the exact. It was in 2016.	when, June of 2016?	Okay. And so this was back and you did that in	



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Okay.

And

how

are

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going

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money

back,

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BY MR. SMITH:	10
MR. COUVREUR: To advance money.	9
council to	ω
Q. The Nonprofit had agreed before you went to city	7
BY MR. SMITH:	0
asking him to agree to.	ហ
clarify that. You said a lot of things that you're	4
you just saying that Southfield I just want to	ω
MR. COUVREUR: Just well, not the are	2
MR. SMITH: Approximately one year	₽

## 12 Ö advance j n the

ц 14 Ä The Southfield both Nonprofit money COUVREUR: years? buy did Yes these ţo advance foreclos

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15 S ВY MR. funds, yes. SMITH: agree those

21 20 19 18 M The what and they're not money resell SPM the them, I deal; the the but they're money objective was there how ր։ losing ω g W contract? to renovate money firs 7 and 0 f the we've homes

25 23 22 24 the gone to push community. into nate the this blight, comp venture That' values enhance one losing back home O.F 0£ money. the ownership uno objectives, rental The objective rates to



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No, you've	I'm not trying to.	You know that.	Okay. I'm not	into this is really a cheap shot.	I mean, it's but to incorporate my body language	No, smiling's good.	R. SMITH:	and it says nothing into the record.	MR. COUVREUR: Yeah.	You're smiling is really a disingenuous remark	what's the answer?	City a million and a half dollars. You're smiling but	writing. They didn't just like gratuitously give the	Sir, there's got to be something in	how are you getting your money back, the Nonprofit?	?. SMITH:	MR. COUVREUR: to your question.	You can answer	. SMITH:	MR. COUVREUR: I'm trying to stick	Okay. But how are you getting	R. SMITH:	could just kind of	MR. COUVREUR: All right. Fred, if you	



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and I'm we'll get you out of here in time for his	Okay. So, yeah, I'm asking you I'm getting there	MR. SMITH:	it's !!	THE WITNESS: Yeah, because I you know,	landlord/tenant action?	where this what this has to do with a	MR. COUVREUR: Well, again, and I again ask	Okay. So I'm trying to	try to do our jobs here.	Okay. Okay. Let's let's just try to let's just	your face right now.	haven't been.	you have on	Well, my words	I would yeah, and the smirk	My body language is	Pardon?	My body language?	disruptive and rude, so quid pro quo.	conversation, but your body language has been	been a gentleman, hands folded, engaged in this	been sloppy and hostile towards me all morning. I've	I could sit here and say gosh, your body language has	I just want to answer the question.



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I don't know who originally started it.	to help senior housing?	Wasn't it originally started by Gilbert Silverman just	No.	it's just supposed to do senior housing?	Doesn't the Southfield Nonprofit have a charter that	I don't exactly recall.	Whose idea was it to set up a separate entity?	title.	Southfield Nonprofit did not get title. NRI got	and because they advanced the money, and the	Because it's consistent with their role and mission	they advanced the money?	Why didn't the Southfield Nonprofit get title since	activity.	One, the City did not have the money to undertake the	Why was it necessary to form a separate entity?	Revitalization Initiative, L.L.C.	transfer the property to the Southfield Neighborhood	would exercise its right of first refusal and then	There's a council resolution authorizing that the City	Housing and the City of Southfield?	the transaction between the Southfield Nonprofit	Is there something in writing that details	next commitment.	



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as well.	attendance. I probably would look at my own calendar,	I would need to see the minutes to see if I was in	It was in June 23rd, 2017.	know if I was in attendance.	I would need to know the date and see the minutes to	attorney, Ms. Ward, explained the transaction?	Were you at the council meeting where the city	agreement and the resolution with city council.	clear the title it went to NRI. That was the	The transfer went from the City, upon our ability to	But you made the decision that it was okay, right?	I don't believe we have a legal opinion.	transfer them to the NRI?	Did you get a legal opinion that it was okay to	transferred	The City did get title first, then the City	were by exercising the right of first refusal?	up with title to the tax foreclosed properties that	was permissible for someone other than the City to end	basically did you ever get a legal opinion that it	But why do you think this organization could	passed.	Well, I know Gilbert Silverman, I knew Gil before he	You don't know anything about the history?



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MR. COUVREUR: What that's a I think	tax foreclosed?	So you just assume that it was blighted because it was	no.	I don't know if I checked on that particular house,	particular house?	ordinance violations on these houses on this	enforcement if there were any ordinances of	Well, you could be did you ever check with code	MR. SMITH:	question.	familiar with that house, so he answered your	MR. COUVREUR: I think he said he's not	a rental?	with the house.	Or it was	I am not familiar	Do you have any information that it was blighted?	No, I'm not familiar with that house.	you familiar with that house?	Southfield, Michigan where Stefanie Boyd lives, are	The house at 30280 Woodgate Drive,	information to where's your complaint?	talk about the Boyd house. Do you have any	You should have brought them. Okay. So now let's



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but	house but they still could have lost it in a tax sale,	I mean, this could have been a pristine	do with the eviction.	MR. COUVREUR: the blight issue has to	MR. SMITH: Well, we're	being blight, so I'm not sure what	ownership due to nonpayment of taxes, not due to it	issue. These homes, the individuals lost their	not quite sure why you keep going back to this blight	MR. COUVREUR: I mean, and I don't I'm	Well, do you have any it was let me rephrase it.	R. SMITH:	That was your question.	He never said that house was blighted.	your wife.	questions where, you know, it's like do you still beat	MR. COUVREUR: it's one of those	MR. SMITH: It's leading.	because	it's no, no, it's not misleading, it's confusing	MR. COUVREUR: Not only is that leading,	okay.	MR. SMITH: That's a leading question, it's	it's



FREDERICK February 6 **⊙** [±] 2018 ZORN, 뒩. C.E.C.D

SMITH: 0 you

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 $\infty$ great witness \<u>E</u> COUVREUR: --don't know about ω great

<del>|</del>—' 10 9 ВY Ö KR. Okay. witnes :HTIMS Ø Ω Ο let Allme right ask this, do you understand for

17 16 15 14 13 12 the that question you're exercise administrator, the you ဂ္ဂ City its S D the have the right 0f Southfield Nonprofi right? city three Southfield О Н administrator hats firs Okay.  $\Box$ here ռ Ի. refusal S only I'm 'n You're and H H supposed asking Do you're there's you g the you understand  $\leftarrow$ the NRI, thi city

8 ဖွ Þ The public answer purpose? დ ლyes, and the public well, Уe

20 Ö You understand that?

21 M  $\vdash$ believe Н do, yes

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23 0 that the you City О Н Southfield before you recommended

25 24 object to that MR. question COUVREUR: because Well, Mou again, you I'm said when going t 0 you



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number of rentals in this community, we could pull the	There's a tipping point. That's sloppy math. The	don't think.	It doesn't even go to a hundredth of a percent, I	Single-family homes is a little over 17,000.	there in the City of Southfield?	homes. What's the City how many structures are	Well, but last year we were only talking about 45	further deteriorating into blighting situations.	becoming rentals with no investment and falling and	foreclosed homes, the volume of homes that were	The public purpose was to stop, as with all of the tax	public purpose?	purpose is that it was it blighted, or what was the	Okay. And I assume you're going to say your public	I believe I did, yes.	understood that you had to have a public purpose?	So you when you made the recommendation you	MR. SMITH:	question.	MR. COUVREUR: Go ahead, continue with your	recommendation previously.	MR. SMITH: He said he made a	those	recommended. You're making a comment. It's one of



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sure it's if you want to call it a report.	I believe we've got like a tab sheet on each. I'm not	Do you have a report?	it, we do do are there violations in that, yes.	The list as it's produced by the County when we get	any of the homes?	check to see if there was any code enforcement done on	houses the last two years each year, did you ever	the right of first refusal to buy approximately 50	to purchase to have the City of Southfield exercise	Okay. So before before you made the recommendation	I don't know.	Yeah.	Do I know if any of them do?	Southfield?	Southfield Nonprofit Corporation own rentals in	Do you know if any officers or board members of the	know, we're concerned about public safety and health.	that are brought up to code that are decent. You	but more importantly, we simply want to have homes	rentals. We would much rather have owner occupancy,	community we are concerned about the number of	of 50% of their neighborhood is now a rental. So as a	that are going through and recognizing that in excess	numbers but we have whole neighborhood associations	



L # L	<b>&gt;</b>	23 Q. J	22 BY MR.	21	20	19	18 m	17	16	15 go	14	13 Q. W	12 A. T	11	10 t.	9 Q. W	8 A. N	-J	6 n	ۍ ن	4 Q. D	ω 	2 A. D	₽ Ø.	
properties the last two years?	the City of Southfield buying tax foreclosed	Just simply put, what is the reason you recommended	SMITH:	MR. SMITH: Let's go back on the record.	(Back on the record at 12:25 p.m.)	(Off the record at 12:22 p.m.)	minutes ago.	MR. SMITH: I think it was like five or ten	COURT REPORTER: What am I looking for?	o back.	MR. COUVREUR: Well, read it back. Let's	Well, tell me what you said?	That's not what I said.	they're blighted?	thought you just said because they were rentals or	Well, what are you saying then, what's the purpose? I	No, I've never said that.	they're rentals or because they're blighted.	not in various times in your testimony either	council to purchase these properties because I'm	Did you ever you're recommending to the city	what?	Did I I don't understand the question, did I ever	Did you have it before you made the recommendation?	



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When we get the list of properties we go through, we	Yeah.	Did I know if they were blighted?	if they were blighted?	So you don't know if they're rentals but did you know	that. I mean, I didn't you know.	Some of them may have been rentals. We don't know	trying to go with this.	Okay. I okay. Now I understand where you're	That's correct, to reduce the	rentals?	what are you saying, that they could become	the objective	Okay. So what	I'm not saying they're rentals. As I said	the houses were rentals?	Okay. So my question is what data did you have that	these properties become.	are becoming rentals and to reduce the blight that	The reason is to reduce the number of properties that



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I don't know that.	doing this?	Does the Oakland County treasurer know that you're	the titles and then they're deeded to NRI.	After the City receives the title, we work to clear	understanding?	from the City of Southfield; is that your	me like so the NRI gets deeded the property for \$1	Okay. I'll ask your counsel for that. So explain to	We probably can, yes.	Can you produce it?	property.	We have a tab on basically a profile sheet on each	Do you have a written report?	working on this.	department. I could have had a number of people	Sally Price from GIS, Steve from GIS, my building	on it, her team of code people. I could have had	I would have I could have had Maria Calhoun working	What's their names?	code enforcement.	I could have people working on it in building, GIS,	Which people on your staff?	Myself and my staff.	You're when you say we who are you talking about?	



Page <u>ე</u>

- $\sim$ 0 Have you ever talked đ the Oakland County treasurer?
- A Yes,  $\vdash$ have
- $\omega$ 0 About this?
- Þ About Н don't know what you mean Λq this
- $\Omega$  $\circ$ About buying these tax foreclosed properties
- Þ Yes, 1-4 have

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- ~1 0 And what Was S the substance of f your
- $\triangleright$  $\vdash$ don't recall you know, I've had conversations  $\vdash$

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- 0 Well Were you the one who talked to them about Mod
- 11 you getting the money?
- 12 ĭŖ. COUVREUR:  $\vdash$ think hе answered

the

- 13 question, your question.
- 14 ВY ₩. SMITH:
- 15 0 You have no recollection O H what you talked about?
- 5 N have lots О Н conversations with lots 0 f people
- 17 0 Well, I'm talking about this topic about buying the
- foreclosed

18

- 19 M No, t, you know, Н can tell you μ. <del>-</del> Ø happening
- 20 throughout southeastern Michigan
- 21 Ö IImasking
- 22  $\triangleright$ and you're
- 23 Ö what you recall?
- 25 24 ⊳ You want to know what the difference μ. Ŋ ٠. The
- difference დ H• ω legitimate 501(c)(3)that's not making



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Do you write the checks for the NRI?	MR. SMITH:	testified he has no knowledge of that.	and find out exactly what that is, but I think Fred	him and let him explain what that is. I know that	just like to if you could put something in front of	MR. COUVREUR: You know what, I guess I'd	Who writes the checks for	No, and it	You don't have any knowledge of that?	Not from NRI.	Yeah, from the NRI?	Jerry Witkowski would get a check for 25	why like Jerry Witkowski would get a check for \$2,500?	So they do their work. So can you think of any reason	Humanity, Oakland County.	We have a contractual arrangement with Habitat For	It has no employees, so who does their work?	MR. SMITH:	Southfield NRI has no employees.	MR. COUVREUR: No employees.	You said they don't have any employees?	MR. SMITH:	are	MR. COUVREUR: He just answered there



- $\mathbb{A}$ No, ó not
- 0 Who does
- ⋈ Mit chell Simon does
- $\dot{\wp}$ And what's Mitchell Simon's he's the president

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- the Nonprofit?
- ď
- Ö What Ø ij Ø role with them?
- $\supset$ With what entity?
- 0 Southfield Nonprofit Housing Corporation
- <u>ا</u> D No, he • Ø not the president
- 0 Who' Ø the president, the mayor?
- 12 Þ Ken Siver z; the president
- $\omega$ Ö And the mayor О Н Southfield?
- 14 Þ But not 'n
- capacity S mayor
- 15  $\dot{\circ}$ Okay. What's Mitchell Simon do?
- Ä Mitchell Simon ი Իthe treasurer 0 H
- $\circ$ 아,  $\vdash$ 3 0 0
- 18 D Southfield Nonprofit
- 19 0 How long has իe e been the treasurer
- 20 M don't know exactly how long.
- 0 S S he writes the checks?
- 22  $\triangleright$ Yes.
- 23 0 Okay. S how does i does Witkowski do anything for
- 24 them?
- 25 M For them, being who?



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the City of Southfield did an inspection and from time	I would like to think that when the house was built	Southfield?	you're involved with, so let's start with City of	I mean any anyone from any of the organizations	the house.	Has anyone ever? I'm sure someone has been inside of	knowledge has anyone ever been inside the house?	Woodgate Drive, has it to the best of your	Okay. So this house here that we're here on, this	He's retired.	And now he's retired?	He was the director of code, yes.	Was he a code enforcement official?	Normally he works for myself on special projects.	Who does he work for normally?	reimbursed for Mr. Witkowski's time.	reimbursed the City of Southfield is being	work to get an eviction Jerry Witkowski is being	time, you know, from when we get a property to when we	turned over to Habitat For Humanity, and the turnover	spend in the interim period before a property is	being reimbursed for time that Jerry Witkowski may	Witkowski is being re the City of Southfield is	The NRI.



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that, is that a Federal or a State statute?	Is the Brownfield statute, I'm not that familiar with	to be titled blighted.	communities under the Brownfield statute to become	Any tax foreclosed property is eligible in core	in	that they're blighted. You're saying that that's	You just because the taxes aren't paid it means	legislation.	can be deemed blighted under the Brownfield	Under Michigan law tax foreclosed properties are	have to do with it?	just asking a fact question. What does the statute	Well, what does the statute have to do with it? I'm	you're looking at.	It depends upon which part of the Michigan statute	necessarily blighted, do you?	But you don't think that tax foreclosed means it's	I know that the property was tax foreclosed on.	And you have no knowledge it's blighted?	don't know.	To my to my I don't know if the City's I	speculation?	Well, I'm talking about what you know and not	to time we did for	



23 BY :	3 BY		22 A.	21	20	19 Q.	12 8	17 A.	16	15	14 Q.	13 BY	12	<u>⊢</u>	10	9	Φ	7	თ	۲n	4	3 A.	2 2.	1 A.	
saying?	What are you saying? I'm just tell me what you're	MR. SMITH:	No, I'm not. You're saying that.	MR. COUVREUR: No.	automatically means it's blighted?	Well, these ones are. So you're saying tax foreclosed	foreclosed?	If it's tax foreclosed, are you is the house tax	violations?	house that's up to code and has no ordinance	Do you think there's any public purpose in acquiring a	MR. SMITH:	question.	digressing on you, but I was just answering your	covers rehab as well as environmental, but I'm	If you had a dilapidated building you could it	that aren't necessarily environmental contamination.	MR. COUVREUR: Well, it also covers things	mechanism to cover those costs.	every home or have to tear it down, it provides us a	we go in and we do an environmental inspection on	It does, and when we find a house loaded with mold and	Isn't that supposed to deal with environmental issues?	It's a State.	



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or as much as you can get?	Yes, we do.	fair-market value, right	And then you sell them for you sell them at	20.	Approximately?	I don't know the exact count.	How many?	Yes, we have.	All right. So if you has the NRI sold any houses?	MR. SMITH:	(Back on the record at 12:38 p.m.)	(Recess taken at 12:36 p.m.)	THE WITNESS: Yeah.	break with Fred just for a moment?	MR. COUVREUR: Could I just take a little	What's the okay.	what is the correlation?	There's no question.	I'm asking you	That's your statement.	You don't know so there is no correlation?	I don't have a question out of any of that. What's	What's the cor what's the correlation?	You're repeat the question.	



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3)	Does her firm list any of the	Yes.	Yeah. She's a real estate broker, right?	Yvette Etole (phonetic).	or	how you say her name, Ms. Libett Etole (phonetic)	She's one of your managers, this woman, I don't know	The real estate? Multiple real estate brokers.	Who's the real estate broker?	portfolio we're learning as we go.	portfolio in '17, and as we work our way through each	mean, we're we bought a portfolio in '16, bought a	There's no formula. It's a very fluid process, I	like a formula or	It's	Isn't there	It's	Well, are there rules or is it just like ad hoc?	Nonprofit.	and at a certain point the money can go back to the	The question of timing on sales, the sales go to NRI	And then does it go back to the Nonprofit?	The money goes to NRI.	Okay. So where's the money go?	

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Explain to me these documents you produced for me.	We've yet to have a house that doesn't need any work.	What if the house doesn't need any work?	general contractor.	They receive a they receive compensation as the	So they get paid for renovating the house, right?	their client base.	placed into the Habitat For Humanity portfolio for	renovation. We also a number of the homes are	renovation, writing a scope of work, facilitating the	They are the general contractor responsible for the	and the NRI?	What's the relationship between Habitat With Humanity	MR. SMITH:	Humanity.	listings were handled by a broker with Habitat For	properties. In the 2016 portfolio the majority of the	I do not believe that her firm has listed any	other lawsuit.	but I just it seems like you're fishing for your	landlord/tenant action? I mean, he can answer that	this what does this have to do with a	MR. COUVREUR: Again, you know what,	I do not	Has it ever?



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For instance, Exhibit Number 2, it's a bank account at Fifth Third that ends in 4329, and is this your general operating account, or how would how would 4 you characterize that account?  5 A. Well, the statement says that it's the Southfield Neighborhood Revitalization Initiative, L.L.C. It's a bank statement from Fifth Third and the account number ends in 4329.  9 Q. Do you see these statements on a usual balance I mean, on a regular basis?  11 MR. COUVREUR: Do you?  12 A. I don't see the bank statements, no.  13 BY MR. SMITH:  14 Q. Okay. So that's one account. So what's what's this other account? It's a different number. What's the difference, if you know?  17 A. Oh, I don't know. However, there was a situation with the bank where we had to change account numbers.  19 That's how I don't know.  20 MR. SMITH:  21 BY MR. SMITH:  22 BY MR. SMITH:  23 Q. Well, here's a different account too, so  24 A. I don't know.	Do you know if they have an escrow account?	Ö	25	
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	instance, Exhibit Number 2, it's a bank		Ь	



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Α.			ò	Α.				Ö		Α.			Ö	Α.	ю	ď					Ö	Α.	·	Α.
We could	\$100,000 or \$150,000.	to in the last couple months they transferred over	But then the NRI is transferring transferring money	When a home is sold it goes back to NRI.	going?	the money's going, or do you? Where's the money	where when they sell a house you don't know where	So, I mean, at the most basic level you don't know	account and I don't know where the money came from.	No. What account is this? I'm not familiar with this	where that money came from?	market with over a million dollars in it. Do you know	And then like in this account you have a money	Mitchell Simon would know.	Who would know, Mitchell Simon?	No, I don't know.	where they re transferring?	where they're transferring to. Do you have any idea	like like on the 7th, \$108,000 to I don't know	Exhibit 5 from November 2017. They're transferring	You're getting like here's a statement under	No, I do not know.	The NRI.	They being who?



Q could buy their MR. COUVREUR:
mr. omild buy their
 Wh
MR. COUVREUR: Again
foreclosed people, house owners
that meeting there was a resolution
Q. Well, I saw you there. Do
was present.
A. Again, I'd like to see minutes
4 of 2017. Do you recall that?
You were present at a city
A. No, I do not.
Q. And do you own any property
A. That's correct.
of Southfield?
So the only money you receive
Nonprofit.
I've not received any reimbursements
Q. What about the Southfield Nonprofit
A. No, sir, I haven't.
any money from the NRI?
Have you ever been reimburs
I don't know.
Q. Do you know what this account



- February
- ΒY MR. SMITH:
- N Ö houses back
- $\omega$ \<u>S</u> COUVREUR: g landlord/tenant

case

- ХB \ \ R. SMITH:
- 5 Ö in 2018; g O you know about that resolution?
- Þ Council took ¥ O need to look ω  $\vdash$ the minutes
- Council took an action, the final action 1-1 believe did
- $\infty$ not ssed ron would <del>С</del>† bе binding on our NRI
- 10 Þ No

Ø

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thought

rt t

passed

tng

<u>+</u>

wouldn't

Эq

binding?

- COUVREUR: Well Н think you answered

12

that,

Fred

- ÄΒΥ ₩. SMITH:
- 14 Ġ Ö Has Mandelbaum ever been  $\boldsymbol{\omega}$ manager О Н the NRI,
- councilman?

S

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No,

sir,

рe

hasn't

- σ
- Ö Doe Ø he have any involvement in μ., 'n
- $\triangleright$ ďΙ what?
- 19 Ю The NRI
- 20 M He S, þė ω 'nе ր. Ի. the council representative
- ţ the Southfield Nonprofit Housing Corporation
- 22 Ю Are you aware that the majority  $^{\circ}_{\rm H}$ these
- 23 for eclos ed properties didn't mortgages 9 them?
- 24 ₽ No, I'm not aware O H that
- 25 Ю You've never been aware?



25 A. What's the question?	24 giving people cash for	23 Q. Who came up do you	22 A. Not to my knowledge.	21 of the houses purchase	20 Q. Has the NRI ever let any	19 A. Repeat the question?	18 taxes?	17 foreclosed to buy them	16 prior owners of the pr	15 Q. Would the NRI has the	14 A. Not to my knowledge.	13 it?	12 Q. Has the NRI ever bought	11 status of these properti	10 A. No, I did not know that	9 most of them didn't have	8 Q. I do know that. So you	7 BY MR. SMITH:	6 MR. COUVREUR:	5 deal with the	4 A. All right. I you know	3 Fred.	2 MR. COUVREUR:	1 A. Most most	
	with the NRI?	anything about a policy of		back, the title back?	the foreclosed occupants			from the NRI for the	properties that were tax	NRI ever allowed any of the			house that had a mortgage on		do not know the mortgage	mortgages?	so you did know that		Fred, I think all right.		that most banks step in and		think you answered that,		*



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N	Н	
A.	Ю.	
We have done cash for ke	Is there a policy where	
keys, yes.	you give	
<b>.</b>	ve people	
	cash	
	for	
	keys?	

- 0 Do you have മ policy ဝ္ဗ
- A don't believe S O formally have വ written

policy.

0 f

d t

- G Ö Have you ever talked to people prior t 0 the City
- $\sigma$ outhfield getting titl Œ and given them any options

how

to

get

their

taxes

current?

6  $\infty$ Þ Tha ţ Ø two questions You need t 0 break that down

#0x

me

- 10 0 Have tax foreclosure? you personally talked с† О people who are facing
- ⊅ acing?
- 14  $\supset$  $\dot{\circ}$ No. Yeah
- Ġ 0 Did you ever talk to any Of. the people who lost their
- J . თ houses to tax foreclosure and asked Ħ. there's any way
- they could get them back?
- $\dot{\infty}$ Þ Again, there' Ø ש couple questions in ther
- Ö Ö Have you ever rt alked Ç people that had their houses
- 20 foreclosed
- A Yе
- 22 0 i n tax foreclosure
- 23  $\bowtie$ Yе Ø  $\vdash$ have
- 24 25 Ю And 40 their these house? were people that the NRI ended dn with tle



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25	24	23	22	21	20	19	18	17	16	15	14	13	12	P P	10	9	ω	7	D	Œ	4	ω	N	<b>ب</b> ــــا
		<b>A</b> .	ю.						Α.	ю						<b>A</b> .	Ю.	BY 1		<b>A</b> .			ю.	₽.
the title cleared.	I'm uncomfortable having a conversation until we have	The substance of the conversation at that point was	And what was the substance of the conversation?	a conversation with her.	meeting. She had been there a long time. I did have	you know, wait in the main office. I came out of a	don't like commenting about this, but Mrs. Boyd did,	There may there could be a procedural error and I	Till we get the till we get it through the title.	What do you mean, cleared, when the NRI gets a deed?	best to stick to that until the title is cleared.	I'm not comfortable having a conversation, and I do my	on one of these matters is until the title is cleared	compelled to have a discussion. My typical discussion	hour and a half, I came out of a meeting. I felt	Mrs. Boyd, after camping out in my office for about an	Did you ever talk to Mrs. Boyd about her house?	MR. SMITH:	MR. COUVREUR: Wait. So	In what the answer	foreclosure?	Forward to try to get money to prevent a tax	Did you ever tell anyone they could contact Step	You need to be more particular than these.



23 Q. Well, do you or anyone of 24 A. Repeat the question, I'm	3 Q. Well, do you or		22 BY MR. SMITH:	21 MR. COUVREUR:	20 THE WITNESS:	<pre>19 your question?</pre>	18 you, I mean, you said	MR. COUVREUR:	16 A. Not to my knowledge.	15 lost their homes to for	14 City and ask for some	13 Q. Well, haven't any of these	12 to Step Forward who have	11 to Step Forward. I usually	10 people who are having tax	9 asked I have in the	8 never referred Mrs. Boyd	7 A. Can I make you asked	6 Q. All right.	5 A. At that point I did encourage	4 about?	3 Q. And what do you recall	2 A. I believe she was here	1 Q. So did you ever talk to
SOLLY:		your staff (inaudible)?		All right.	Right.		the City, right, that was	Well, but just clarify. To		foreclosure?	of assistance before they	people ever come to the	already lost their homes.	we do not refer people	situations, referred people	course of my couple years, to	Step Forward. You	about Step Forward. I've		e her to get an attorney.		what that conversation was	other time.	on another occasion?



25	24	23	22	21	20	19	18	17	16	15	14	13	12	H H	10	v	ω	7	D	G	4	ω	2	<del>Г.,</del>
Ö	<b>A</b> .		Ю.	Α.			ю.						A.	Ю.	A.				0	Α.	Ю.	A.		
So the best who makes the decision on what rehab	I don't know.	know?	Does he still practice or is he retired, or if you	Mitchell Simon I believe is a C.P.A.	accounting expertise?	questions. Mitchell Simon, does he have any	Just a few more questions about well, a few more	administrator.	treasurer's office does not report to the city	actually have a very high degree of autonomy. The	are elected. They have they report they	exactly what was said. The clerk and the treasurer	I supe no, the super no. I would need to review	You supervise the treasurer's office?	I don't	that, or is it the assessor?	true, the treasurer's office, or did I misunderstand	don't have anything to do with the treasurer, is that	Okay. If someone you've testified earlier that you	Absolutely not.	Yeah, and	To me?	tax foreclosure.	client, say that they talked to you at length prior to



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25	24	23	22	21	20	19	18	17	16	5	14	13	12	11	10	Ø	∞	7	Q	ហ	4	ω	2	۳
Ö		Α.	0	Α.	Ю.	₽.	ю.	$\mathbb{A}$ .	ю.	Α.	ю·	Α.	0	Α.		A.	Ю	Α.	0	BY 1				
How much?	reimbursed by NRI.	In her capacity as a City employee her time has been	But she has done stuff for the NRI, right?	She works for the City.	She works for the City?	Does she work for them, no.	Does she work for them?	What about her?	What about Maria Calhoun, is her name?	Fred Zorn, Mitchell Simon and Etole Yvette (phonetic).	Which is?	The three people we've discussed.	Who's that?	There is a manager who runs NRI.	Who runs the NRI on a day-to-day basis?	Habit what's the question?	Who?	No.	Who runs NRI on a day-to-day basis, you?	MR. SMITH:	with this landlord/tenant action.	continue to object. I don't know what this has to do	MR. COUVREUR: I guess I'm going to	has to be done to a house at the NRI?



- N don't know how much
- $\sim$ 0 Does she do it during business hours
- $\bowtie$ Yes, she does d o ήt during business hours
- Ю SO why would she get reimbursed for doing
- $\bowtie$ No, no.

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 $\boldsymbol{\sigma}$ 

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Maria

- 10 Ö Oh, okay. S how much overtime does she spend മ week
- 9 the NRI stuff?
- N M Overtime? Who said she had overtime?
- Ö 9 stuff, 9 any time?
- 4 Þ Well, Н would have 1 Ø Ø do മ monthly invoice
- 15 estimated g her time
- O Ö Do you review that?
- A Yes Н do
- 28 Ö Ø there anyone else whose time gets reimbursed?
- 19 A. Jerry Witkowski
- Ю. But he doesn't work full time for the City, does he?
- M Doe you're asking me he being who
- Ю Well, Ļ Ļ he doesn't Work for for the City how does the
- City get reimbursed for his time?
- $\triangleright$ Who said эq doesn' rt work for us?
- 23 Ю You just said that some Of, the people get reimburse



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25	24	23	22	21	20	19	18	17	16	15	14	13	12	<u>├</u>	10	9	ω	7	Q	Ġ	4	ω	12	٢	
Ö	₽.		ю •	Α.	0.	Α.	Ю·	Α.	Ö	Α.		Ö			Α.	Ö		A.	Ю.		₽.	Ю.	$\mathbb{A}$ .		
Huh?	No, we do not.	construction work?	Construction cost, do you used City employees to do	Reimbursement for time.	Why does City of Southfield get money from the NRI?	No.	Do you know who Brandon Kleckly (phonetic) is?	No, I do not.	Do you know who Josette Houston is?	Who?	(phonetic)?	Like maybe it's in here. Who's Josette Houston	true.	mean, you're making a statement I don't know to be	I'd like to if I'd like to see the document. I	And you can't explain why you got 2,500 from the NRI?	non-career employee.	Jerry Witkowski is retired and he works as a	Does he work for the City?	for Jerry Witkowski's time.	For Maria Calhoun's and the City also gets reimbursed	For Maria Calhoun's time?	The City gets reimbursed. Jerry	that the City gets reimbursed?	



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Mitchell

- Þ No, ¥ ⊕ o O not
- 0 SO 1 there' Ø entries ä, there?
- M would have to ask Mitchell Simon. H looks like

¥0

- got Ø split between multiple addresses for different
- ıme and <del>||-</del> could

G

COUVREUR: H could <del>0</del> water bills

įt

- could ьф taxes
- $\square$
- ВY ĭR. SMITH:
- 10  $\circ$ You don't know?
- A No, Н <u>α</u> not know

12

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What's

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transaction

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- idea wha ct that means?
- P  $\vdash$ no, Н do not
- 0 Whу ռ Ի. Mitchell Simon getting money from the NRI
- then he s L provides compensated **Hor** ω certain amount O.f. gratis time

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amount

О Н

hours

and

- œ 0 fi ω Ω the
- over X number hours approved Уd manager
- 20 19  $\triangleright$ Ю S don't there believe ք contra there Ċ ဝ္ဗ that contract

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22  $\dot{o}$ Okay. Does Linda Stanton who's she?

21

resolution.

- 23 Þ Ŋ clerk
- 24 Ю inda Stanton?
- 25 Þ × clerk, secretary.



7.	24	23	22	21	20	19	18	17	16	15	14	ω	12	ㅂ ㅂ	10	9	ω	7	თ	IJ	4	ω	2	Ľ	
		Α.		0	A.				·	Α.					ю.	A		Ö	A	ю.	Α.	ю.	Α.	0	
MR. COUVREUR: What are you could you	City.	The Nonprofit doesn't have anything to pay back to the	the City?	Who determines how long the Nonprofit has to pay back	Repeat the question?	County?	pay the City back for advancing the funds to the	determines the deadline of when the Nonprofit has to	Like the money would when do you have to who	The process is fluid.	right?	everything's on you said it was fluid before,	Mrs. Boyd's house, how they would get allocated. It's	any proceeds that would be obtained by the sale of	And you're saying there's no written agreement on how	I've not been in it. I don't know.	blighted, right?	So you have no information that Mrs. Boyd's house is	Yes, sir.	She works for the City?	No, she's not my secretary. She works for the City.	Your secretary?	Yes. ·	For the City?	



1	У 5	24	23	22	21	20	19	18	17	16	15	14	13	12	브	<b>⊢</b> 0	9	∞	7	Q	G	4	ω	12	$\vdash$
		Α.							ю.	A.	Ö	Α.				Ö		Α.	ю.	Α.			Ю.	BY MR	
	Working our way through Welve not closed out	That part I would describe as fluid, we're still	to the Nonprofit?	controls how this money gets transferred from the NRI	no specific understanding, written formula that	the way I understand what you're telling me is there's	you would the NRI would get the money and you	specifically if you sold this Woodgate Drive house,	Okay. And then when you the NRI gets title, and	Yeah.	Concurrently?	It's done concurrently.	they exercise their right of first refusal or after?	trying to say, does the Nonprofit pay the City before	So then how long does well, what I'm	Right. And then how long does oh, okay.	Nonprofit advanced those funds on behalf of NRI.	And the City advanced those funds or the Non the	Right.	The City does.	<pre>past-due taxes, correct?</pre>	right of first refusal they have to pay the County the	When you the City of Southfield exercises their	R. SMITH:	ask him a question?





So the question?	25 A.	
MR. COUVREUR: Well, thank God for that.	24	
in, we're almost done.	23	
MR. SMITH: Even if I am, the boat's coming	22	
MR. COUVREUR: know what it has to do	21	
MR. SMITH: I'm almost	20	
expedition and I still don't	19	
MR. COUVREUR: I know. You're on a fishing	18	
information.	17	
who does the statements. I mean, I'm looking for	16	
If he doesn't have a firm, I'm just asking	15	
MR. SMITH: said that.	14	
MR. COUVREUR: that question?	13	
MR. SMITH: Well, yeah, I	12	
you say that? How about if you just rephrase	₽	
said Mitchell Simon's firm, or am I incorrect? Didn't	10	
this out, and again, you're here's my concern. You	9	
MR. COUVREUR: Well, I'm trying to figure	∞	
your client?	7	
MR. SMITH: Wait, are you talking to me or	σ	
question about Mitchell Simon	IJ	
that true? Am I right with that? And then you ask a	4	
don't know or he said it's not been done, right? Is	ω	
loss statement, has it been done. Fred either said I	2	
question. You had a question is there a profit and	<b>J3</b>	****************



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25	24	23	22	21	20	19	∞ I	7	Q ⊢	Q H	14	ω	12	H	10	9	∞	7	Q	Uī	4	ω	2	<del></del>
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Of it.	MR. COUVREUR: It's clearly that's part	THE WITNESS: The Nonprofit, okay.	Nonprofit.	MR. COUVREUR: No, no, it's part of the	I'll let people way smarter than me figure that out.	Nonprofit?	Is it going to be a separate one or part of the	We will be filing a tax return.	tax return?	Well, how does the is it is it going to file a	my attorney describe that.	jurisdiction of the Southfield Nonprofit, and I'll let	It is a limited-liability entity under the	Is it a 501(c)?	The NRI is	It isn't?	No.	The NRI is a for-profit company, right?	statements.	Plante Moran, who is preparing our the final	He is preparing statements, P&L, but we also have	who's preparing profit and loss statements?	The question is okay. Mitchell Simon is a C.P.A.	MR. SMITH:



25	24	23	22	21	20	19	₽ 8	17	٦ ٢	<u>1</u> 5	<u>1</u> 4	13	12	ļ ļ	10	9	ω,	7	D	5	4	ω	2	Ь	
		A.			A.			Ö	A	ю.	Α.		Α.	ю.		Α.		ю·	BY M			ю.	BY M		
you better all I always if you know, you know.	MR. COUVREUR: Yeah, Fred. I think maybe	There will also be another others that fold into	MR. COUVREUR: Okay. But	a tax return for NRI, L.L.C.	Let me tell here's my understanding. There will be	that your understanding?	not going to be a separate tax return for the NRI. Is	If I understood what your counsel said is that there's	Pardon?	not going to be a separate tax return?	I'm under	telling me you're saying there's	I'm under the	Wait a minute. You're	the 2017 year, so I'm	I haven't seen the I haven't see the tax return for	be done?	So you don't really know how the accounting's going to	MR. SMITH:	the truth, you know, it's part of that, so	MR. COUVREUR: Well, I'm just telling you	Are you adopting your counsel's answer?	MR. SMITH:	THE WITNESS: Okay.	



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25	24	23	22	21	20	9	∞ ⊢~	17	16	15	<u>1-1</u>	13	12	<u>;                                    </u>	10	9	∞	7	Q	ហ	4	ω	2	<del> </del>	
Ö	A.	Ö							Α.				ю.	Α.		0	Α.		0	ВУ	₽.		₽.		
Well, do you have like a policy for instance, you	What do you mean, criteria for who purchases a house?	Do you have any criteria for who purchases the houses?	million dollars in the 2016 portfolio.	probably on a course to lose about a quarter of a	quickly you can do a crude math and you know you're	and you see yourself losing 20, 40,000, you can	we're spending per home and what it's going to cost	approve when Habitat For Humanity approves what	How do I know that? Because you sit through and	that?	a profit and loss or a tax return how do you know	that there's going to be a loss. If you haven't seen	Okay. And how do you know you mentioned previously	That's correct.	obviously?	So you haven't done 2016. You haven't done 2017	We haven't completed our first year.	Neighborhood Revitalization Initiative?	Have you ever seen a tax return from the Southfield	MR. SMITH:	I don't know. I don't know. I'll wait and	MR. COUVREUR: know, you don't know.	Then I	If you don't	



Page ω 8

2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2	15 16 17 18 19 A.	11 Q. 12 A. 13 Q.		4 3 2 H Ø A
know how to handle this, but to your knowledge you don't, but I could I just refresh his memory a little bit? All homes and you know what, he	doesn't like when there's too many area, so does the NRI have a policy that to rent people who are going to renvestment people?  ave a policy.	You're taking my words out of No, you used the word discriminate. What I'm let me rephrase this. What I'm saying is you stated that the City of Southfield as the city	we're about. do you 're asking r criminate. idn't	<pre>said you you apparently don't like renters. No, that's a discriminatory statement. That's just that's not even what this No, I'm asking you</pre>



FREDERICK February 6 6, [T] ZORN, 2018 JR.,  $\Omega$ [T] 0  $\Box$ 

SMITH: But  $\vdash$ really don't want you t o

testify дγ something Ħ. COUVREUR: Well,  $\vdash$ don't want him

ţ

**贤**. THE MR. WITNESS SMITH: SMITH: Well, Then Ľħ Н you him want

HHE WITNESS Then 40 advise Н don'  $\vdash$ know.

MR. SMITH: off the record you can.

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10 MR. COUVREUR: Ηf could, there H.

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could,  $\vdash$ just want t 0 remind him 0 H ω fact.

MR. SMITH: I'm about done here

COUVREUR: No, but ono, Fred While

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14 Æ ש r e almost done,  $\vdash$ think he sald that, tud ¥ © can

go 0 ĦĦ the record

Discussion off the record a ct N N p.m.)

(Back g the record α th 1:22 p.m.)

18 ВY ĭR. SMITH:

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20 19 0 0 you get understand you haven't done tax

eturns Do you

22 21 record and <u>l</u>et him COUVREUR: ĦŻX his But answer could († 0 you tha op ή, back since On 1 we're the

back 9 the record, 0 0 рe can g the record μ.  $\Box$ says

Ø no policy for

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THE WITNESS: Right



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7	0	ഗ്വ	4	ω	2	Н	
7 anything to your prior answer?	6 Q. Okay. Your counsel do you want to clarify or add	5 BY MR. SMITH:	4 MR. SMITH: Then you ask him.	3 THE WITNESS: For the	2 that question?	1 MR. COUVREUR: Could you just re-ask him	
	clarify or add		im.			ust re-ask him	

- 10 Ø  $\infty$  $\bowtie$ HOR property ttorney the record, must Ve recently эq NRI owner does been occupied have informed Ø for policy о Н the that that first the **by** ту five
- 14 12 ω ю. Ю Þ Your Where would counsel Ω Hneed that to look written, at that μ the the but minutes minutes somewhere
- 19 18 17 16 15 just for († here' Ø the told written Ø NRI nothing you Well, down? told you that wrong you don't that's I'm just with their that personally asking. you don't ۲. ۲. policy, he's know Your the which know where where counsel attorney the
- 21 20 Þ Define policy's policy? written о В where ь. Н comes from; დ ლ. that
- 22 Q. It's your policy.
- 23 A. What does the word policy mean?
- 25 24 Ö do mean, 8 9 9 you're any conflict യ city administrator, 'n. interest p. Н how would think the



To Touch of Committee to

xhibits.		25	
attorney did a pre-trial statement with listed		24	
MR. SMITH: Well, you signed a your		23	
going to if we end up		22	
that, and maybe that was just in your form here. I'm		21	
produce at trial, so I just want to be clear with		20	
that these are the only documents we're going to		<u> </u>	
would we're not limited to that, I'm not agreeing		18	
says all documents, intended exhibits at trial. That		17	
with respect to these documents, so, you know, this			
noticed this today. It says deponent is instructed		15	
MR. COUVREUR: Okay. So on your I		14	
Thanks.		13	
MR. SMITH: I don't have anything further.		12	
Mitchell Simon can produce those.	A	<u> </u>	
I'm sorry, I didn't hear you?	ю •	10	
Mitchell Simon could produce those things.	A	<u> </u>	
And you could produce those, right?	ю.		
We get monthly financial reports, yes.	Α.	7	
with the NRI?		<u></u>	
quarterly updates on what's happening economically	,	<u></u>	
Okay. So here's my question, do you get monthly or	Ö	4	
No, we're doing public good. We're doing good.	A.	ω	
the City?		2	
same people are on a nonprofit, on the NRI, work for			



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MR. SMITH: Well, I mean, if you put it in	trial.	exhibits at trial, so I'm not going to surprise you at	in your subpoena here. Your subpoena says all	language here and I didn't want to be tied into that,	MR. COUVREUR: Right. I just saw your	gets too close to trial, it would	MR. SMITH: I assume at some point, if it	MR. COUVREUR: Right. Okay.	

10	your pre-trial	your pre-trial statement I'm
H	MR.	MR. COUVREUR: You're good?
12	MR.	MR. SMITH: That's obviously fine.
13	MR.	MR. COUVREUR: You're good with that.
14	MR.	MR. SMITH: I'm not trying to trick you or

17	16	15
be clear with that, so, okay. A	MR. COUVREUR: Well,	anything.
All right. So we're	l, okay. I just want to	

ю П
MR.
SMITH:
We're done,
unless
you
you want
to

MR.	
COUVREUR:	
No.	

MR.
SMITH:
We'11
go
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the
record.

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(The

deposition was

concluded

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1:26

p.m.

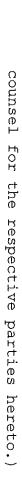
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done?

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counsel for the respective parties hereto.)	Signature of the witness was not requested by





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	nor interested in the event of this cause.	I am not related to, nor of counsel to, either party	correct transcript of my recording so taken; and that	transcribed by me; that this is a true, full and	and answers were recorded electronically and	hereinbefore set forth; that the foregoing questions	deposition was taken before me on the date	I, ALAN STALBURG, certify that this		COUNTY OF OAKLAND )	) SS	STATE OF MICHIGAN )	CERTIFICATE OF NOTARY	



ALAN STALBURG, CER-9106

Oakland County, Michigan

Notary Public,

Commission expires: October 6, 2022

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